

Hershey Chocolate Corporation and Subsidiary Companies



CONSOLIDATED BALANCE SHEET

December 31, 1935

AND

SUMMARIES OF CONSOLIDATED PROFIT AND LOSS ACCOUNT
AND CONSOLIDATED EARNED SURPLUS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 1935

TOGETHER WITH

AUDITORS' REPORT

MRB
CORP. FILE

HERSHEY CHOCOLATE CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET - DECEMBER 31, 1935

ASSETS

CURRENT ASSETS:

Cash		\$ 810,817.12
Accounts receivable	\$ 1,599,945.54	
Less - Reserve for bad debts and discounts	224,425.35	1,375,520.19
Inventories of raw materials, goods in process and finished goods; quantities and condition determined by company, valued at the lower of cost or market ...		8,403,846.32
Total current assets		<u>\$10,590,183.63</u>

SUPPLY INVENTORIES, PREPAID EXPENSES, ETC.:

Supplies and repair parts	\$ 310,492.27	
Salesmen's advances, prepaid insurance, taxes, shipping expenses, etc.	150,169.48	460,661.75

PLANT AND PROPERTY:

<u>Particulars</u>	<u>Cost</u>	<u>Reserve for Depreciation</u>	<u>Net</u>
Land	\$ 123,228.39	\$ -	\$ 123,228.39
Buildings and improvements	7,424,874.67	2,870,547.37	4,554,327.30
Machinery, equipment and fixtures	11,232,281.66	6,811,870.06	4,420,411.60
New York properties	1,715,712.93	335,850.63	1,379,862.30
	<u>\$20,496,097.65</u>	<u>\$10,018,268.06</u>	<u>\$10,477,829.59</u>
Construction in progress		81,612.22	10,559,441.81
			<u>\$21,610,287.19</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts and wages payable	\$ 1,323,694.87
Reserve for Federal and state taxes (subject to review by taxing authorities)	1,267,393.10
Dividends payable February 15, 1936 on convertible preference and common stock	1,033,999.75
Total current liabilities	<u>\$ 3,625,087.72</u>

CAPITAL STOCK AND SURPLUS:

Convertible preference stock (without par value)- Authorized and issued 350,000 shares, of which 78,649 shares have been converted into common stock Issued and outstanding, 271,351 shares (including 17,507 shares held in treasury) at stated value (see note)	\$ 271,351.00
Common stock (without par value)-Authorized, 1,000,000 shares, of which 271,351 shares are reserved for conversion of convertible preference stock Issued and outstanding, 728,649 shares (including 26,900 shares held in treasury) at stated value ..	728,649.00
	<u>\$ 1,000,000.00</u>
Surplus at organization	3,297,212.48
Earned surplus, December 31, 1935	16,206,297.18
	<u>\$20,503,509.66</u>
Deduct--Hershey Chocolate Corporation treasury stock at cost--Convertible preference stock	17,507 shares \$1,287,635.19
Common stock	26,900 shares 1,230,675.00
	<u>\$ 2,518,310.19</u>
	<u>17,985,199.47</u>
	<u>\$21,610,287.19</u>

NOTE: The convertible preference stock is entitled to cumulative dividends at the rate of \$4.00 per share per annum, plus an extra dividend of \$1.00 per share in any year in which dividends are declared or paid on the common stock. Upon any distribution of capital assets, the convertible preference stock is entitled to receive \$50.00 per share and accumulated and unpaid dividends (if any) before any distribution to the common stock, and shares equally per share with the common stock in any distribution of the balance until the convertible preference stock shall have received a total of \$100.00 per share and accumulated and unpaid dividends (if any).

HERSHEY CHOCOLATE CORPORATION AND SUBSIDIARY COMPANIES

SUMMARY OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 1935

GROSS PROFITS ON SALES.....		\$10,582,033.91
SHIPPING, SELLING, ADMINISTRATIVE AND GENERAL EXPENSES.....		<u>4,726,214.70</u>
Net profits from operations.....		\$ 5,855,819.21
OTHER INCOME—NET:		
Sale of scrap, profits from sales of creamery products, etc., discounts and miscellaneous other income	\$ 437,547.47	
Less—Miscellaneous charges	<u>41,084.10</u>	<u>396,463.37</u>
Net profits before provision for Federal income and Pennsylvania state taxes		\$ 6,252,282.58
PROVISION FOR FEDERAL INCOME AND PENNSYLVANIA STATE TAXES.....		<u>1,201,062.35</u>
Net profits carried to surplus account		<u>\$ 5,051,220.23</u>
Note: Costs and expenses include provision for depreciation of \$751,019.89 on plant and equipment.		

SUMMARY OF CONSOLIDATED EARNED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 1935

Earned surplus at December 31, 1934.....		\$14,333,786.60
Net profits for the year ended December 31, 1935.....		<u>5,051,220.23</u>
		\$19,385,006.83
Add - Adjustment of reserve for depreciation of plant and equipment as of January 1, 1935 (see note)	\$ 373,757.35	
Less - Provision for taxes of prior years.....	<u>178,000.00</u>	<u>195,757.35</u>
		\$19,580,764.18
Dividends:		
Convertible preference stock.....	\$1,269,220.00	
Common stock.....	<u>2,105,247.00</u>	<u>3,374,467.00</u>
Earned surplus at December 31, 1935.....		<u>\$16,206,297.18</u>

NOTE: In 1935 the company revised the basis for providing depreciation of plant and equipment to conform with that allowed by the U. S. Treasury Department. The provision for depreciation for 1935 on the revised basis was \$751,019.89 as compared with \$842,946.90 reported in the previous year. The reserve for depreciation as of January 1, 1935 was reduced \$850,139.87 by credits to Surplus at Organization and Earned Surplus of \$476,382.52 and \$373,757.35 respectively.

OFFICERS:
M. S. Hershey, Chairman of Board of Directors
William F. R. Murrie, President
Ezra F. Hershey, Treasurer
W. S. Crouse, Secretary
O. E. Bordner, Comptroller

DIRECTORS
M. S. Hershey, Hershey, Pa.
Wm. F. R. Murrie, Hershey, Pa.
Ezra F. Hershey, Hershey, Pa.
P. A. Staples, Central Hershey, Cuba
L. W. Majer, Hershey, Pa.

ARTHUR ANDERSEN & Co.

ACCOUNTANTS AND AUDITORS
67 WALL STREET

NEW YORK

AUDITORS' REPORT

To Hershey Chocolate Corporation:

We have made an examination of the consolidated balance sheet of the Hershey Chocolate Corporation (a Delaware Corporation) and Subsidiary Companies as at December 31, 1935, and of the summaries of consolidated profit and loss and earned surplus accounts for the year ended that date. In connection therewith, we examined or tested accounting records of the companies and other supporting evidence and obtained information and explanations from officers and employees of the companies; we also made a general review of the accounting methods and of the operating and income accounts for the year, but we did not make a detailed audit of the transactions.

In our opinion, based upon such examination, the accompanying consolidated balance sheet and related summaries of consolidated profit and loss and earned surplus accounts fairly present, in accordance with accepted principles of accounting consistently maintained by the companies during the year under review, the financial position of the companies at December 31, 1935, and the results of their operations for the year ended that date.

ARTHUR ANDERSEN & CO.

New York, N. Y.,
February 24, 1936.



Our Stockholders, as individuals, can greatly advance the Company's interest and their own, by using **HERSHEY'S** Products in their homes and recommending them to others.

